

## A013 Premium Assessment

Washington is an exclusive state fund workers' compensation state where employers must purchase workers' compensation insurance from L&I. The only exceptions are some federal facilities and self-insured firms. L&I acts as a Workers' Compensation Rating Bureau and a large insurance company. L&I provides coverage for approximately 1.8 million workers annually. Actuaries recommend and calculate the classification rates used to assess employer premiums, and design and maintain the experience rating and retrospective premium rating systems used to calculate the assessed premiums and refunds. Retrospective rating offers optional rating plans to qualified state fund-insured employers and employer groups, providing economic incentives to reduce their workers' compensation insurance costs through effective accident prevention and claims management practices. The program assesses insurance premiums and delivers optimum customer service through key account managers to approximately 100,000 employers who pay into the workers' compensation system.

	FY 2006	FY 2007	Biennial Total
<b>FTE's</b>	148.1	147.7	147.9
<b>GFS</b>	\$0	\$0	\$0
<b>Other</b>	\$10,814,269	\$11,193,231	\$22,007,500
<b>Total</b>	\$10,814,269	\$11,193,231	\$22,007,500

### Statewide Result Area: Improve the quality and productivity of our workforce

#### Expected Results

Keeping premiums low and maintaining actuarial solvency of the state fund by providing for a rating system consistent with recognized principles of workers' compensation insurance, which are designed to encourage accident prevention. Keeping classification premiums stable and responsive to experience by classifying all occupations or industries in accordance with their degree of hazard. Making sure all employers pay their fair share by distributing the burden of accidents occurring fairly and appropriately within those classifications for which the employer is conducting business.

Number of red flags (anomalies) found in employer accounts or employer claim histories that may require a review for accuracy of premiums.				
Biennium	Period	Target	Actual	Variance
2005-07	FY2007	4,000		
	FY2006	4,000		

Appropriation Period: 2005-07 Activity Version: F2 - 2005-07 Activity Recast

Percentage of accurate employer account classifications assignment.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	98%		
	4th Qtr	98%		
2003-05	8th Qtr	98%	99%	1%
	7th Qtr	98%	100%	2%
	6th Qtr	98%	100%	2%
	5th Qtr	98%	99%	1%

Percentage of customer satisfaction for workers compensation employer services based on survey.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	90%		
	4th Qtr	89%		
2003-05	8th Qtr	87%	90%	3%
An annual review will be completed.				

Percentage of timely (accounts opened within 20 days) account openings for employer accounts				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	98%		
	4th Qtr	98%		
2003-05	8th Qtr	97%	94%	(3)%
	7th Qtr	97%	97%	0%
	6th Qtr	97%	94%	(3)%
	5th Qtr	97%	95%	(2)%